



PSC NEWS

Missouri Public Service Commission

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PSC APPROVES AGREEMENT IN AMERENUE COMPLAINT CASE

Jefferson City (July 25, 2002)---The Missouri Public Service Commission has approved an agreement which calls for an electric rate reduction which is among the largest in state history. Over the next three years, electric rates for AmerenUE's 1.1 million electric customers will drop by increasing amounts reaching approximately \$110 million on an annual basis. In addition, there will be a one-time bill credit totaling \$40 million as well as customer-assistance programs that are funded solely by AmerenUE's shareholders.

"Rate reductions, a bill credit, customer-assistance programs and a commitment regarding infrastructure investment in Missouri make this agreement one that the Missouri Public Service Commission believes is in the public interest," stated PSC Chairman Kelvin Simmons. "We spent a great deal of time in the hearing room yesterday ensuring that we received the information needed to evaluate this agreement. The Commission wanted to ensure that the public interest was served by those parties who reached an agreement in this case."

The agreement was the end result of extensive negotiations conducted by all parties in the case. The complaint case was filed by the Staff of the Missouri Public Service Commission which alleged in testimony that AmerenUE's current electric rates were not just and reasonable and should be reduced. Chairman Simmons recognized the PSC Staff's commitment in this case. "The PSC Staff worked very hard in this case and the agreement results from their efforts as well as the efforts of all other parties to the proceedings."

Rate Reductions: As a result of the agreement, electric rates will be reduced by approximately \$110 million by April 2004. A rate reduction of approximately \$50 million will take effect retroactive to April 1, 2002. An additional rate reduction of approximately \$30 million will take effect on April 1, 2003 and another electric rate reduction of \$30 million will take effect on April 1, 2004. When the final year takes effect, a residential customer using approximately 1,000 kilowatt-hours a month will be paying about \$3.80 less a month than under current rates.

One-Time Bill Credit: In addition to rate reductions, the agreement also calls for a one-time bill credit of approximately \$40 million, the result of sharing credits under the final year of AmerenUE's second three-year experimental alternative regulation plan which expired on June 30, 2001. For a residential customer using approximately 1,000 kilowatt-hours a month, the one-time bill credit will be about \$15.40. This one-time bill credit will appear on customer bills in August or September.

Customer-Assistance Programs: Under the agreement, AmerenUE shareholders over a four-year period will fund approximately \$17 million in customer-assistance programs as well as another \$5 million for an economic development program.

"I am very encouraged by the parties' efforts to assist low-income customers of AmerenUE," stated Chairman Simmons. "Customers of the electric company should know that these efforts are being done through shareholder and not ratepayer dollars. Whether it is Congress, the Missouri Legislature or parties in a case, I am always interested in exploring ways to help those who are in need. Parties in this case recognized a need and have addressed that need."

AmerenUE will make an initial contribution of \$5 million to the **Dollar More Program**, which is designed to help low-income customers pay their electric bills. An additional \$1 million will be contributed to this program on June 30th of each year through June 2006. (Total contribution of \$9 million).

In addition, a **new low-income weatherization program** to make homes more energy efficient will be funded under this agreement. An initial contribution of \$2 million will be made. AmerenUE will make an additional contribution of \$500,000 a year for the next four years. (Total contribution of \$4 million).

Under the agreement approved by the Commission, AmerenUE will create a **residential and commercial energy efficiency fund**. This program is designed to help residential and commercial customers make locations more energy efficient. AmerenUE will make an initial contribution of \$2 million to the fund. An additional \$500,000 will be placed in the fund each June 30th through 2006. (Total contribution of \$4 million).

Infrastructure Investment: Under the agreement, AmerenUE will commit to undertake commercially reasonable efforts to make energy infrastructure investments totaling \$2.25 billion to \$2.75 billion from January 1, 2002 through June 30, 2006. This investment will include additional generating capacity as well as transmission system upgrades. "In addition to rate cuts, bill credits and customer-assistance programs, the settlement approved today will also benefit customers in terms of additional generation and transmission capacity to serve customers and will enhance system reliability," stated Chairman Simmons. "This will provide our state with many economic development opportunities in the months ahead."

Rate moratorium: Under the terms of the agreement approved by the Commission, there is a rate moratorium through June 30, 2006. Unless there is a significant, unusual event that has a major impact upon AmerenUE, the company will not file for a rate increase and parties will not file for a rate decrease before January 1, 2006.

The agreement approved by the Commission was submitted by the PSC Staff, the Office of the Public Counsel, various large industrial and mining customers of AmerenUE, the Missouri Attorney General, the Missouri Retailers Association and AmerenUE. The agreement was reached as a result of extensive negotiations conducted by the above parties.

AmerenUE serves approximately 1.1 million electric customers in Missouri.

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